

Message Text

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ORIGIN EB-07

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FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA IMMEDIATE

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E.O. 11652: N/A

TAGS: EAIR, ID

SUBJECT: CIVAIR - NEGOTIATIONS

REF : JAKARTA 5219

1. IN RESPONSE TO SALIM'S APRIL 21 ANSWER TO AMBASSADOR'S
LETTER OF APRIL 15, EMBASSY REQUESTED TO DELIVER LETTER
TO SALIM WITH FOLLOWING TEXT:

"I REFER TO OUR APRIL 21 DISCUSSION REGARDING CIVIL AIR
MATTERS BETWEEN THE US AND INDONESIA.

"THE UNITED STATES OFFERS THE FOLLOWING THREE ALTERNATIVES
TO RESOLVE THE PRESENT DEADLOCK THAT EXISTS BETWEEN THE
TWO COUNTRIES IN THE CIVIL AIR TRANSPORT AREA.

"A. GARUDA AIRLINES WOULD HAVE FOUR FREQUENCIES (BUT ONLY
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TWO IF WIDEBODIED AIRCRAFT ARE USED), JAKARTA-GUAM-

HONOLULU-LOS ANGELES; THE US GOVERNMENT IS PREPARED TO CONSIDER GRANTING GARUDA A TRAFFIC STOP AT GUAM. PAN AMERICAN WOULD ALSO HAVE FOUR FREQUENCIES: TWO, SAN FRANCISCO-HONOLULU-GUAM-JAKARTA, AND TWO, US-FIJI-AUCKLAND-SYDNEY-DENPASAR-HONG KONG. THE LATTER TWO WOULD BOTH

HAVE FIFTH FREEDOM TRAFFIC RIGHTS ON THE UNDERSTANDING THAT THE CONTINUATION OF ONE OF THESE FLIGHTS THROUGH DENPASAR WOULD BE DEPENDENT UPON THE FAVORABLE OUTCOME OF PAN AM-GARUDA TALKS REGARDING TECHNICAL COOPERATION. THE US GOVERNMENT WOULD ENCOURAGE PAN AMERICAN TO BE COOPERATIVE IN THESE TALKS.

"B. GARUDA WOULD HAVE FOUR FREQUENCIES: JAKARTA-GUAM (A TECHNICAL STOP ONLY)-HONOLULU-LOS ANGELES. PAN AMERICAN WOULD ALSO HAVE FOUR FREQUENCIES: TWO, SAN FRANCISCO-HONOLULU-GUAM-JAKARTA; ONE, US-FIJI-AUCKLAND-SYDNEY-DENPASAR-HONG KONG (WITH FIFTH FREEDOM TRAFFIC RIGHTS); AND ONE, US-FIJI-AUCKLAND-SYDNEY-JAKARTA-HONG KONG (WITH FIFTH FREEDOM TRAFFIC RIGHTS). AS THESE ROUTES ARE LESS ATTRACTIVE TO THE US AIRLINE THE CONTINUATION OF THE FREQUENCIES WOULD NOT DEPEND ON THE OUTCOME OF POSSIBLE GARUDA-PAN AMERICAN TALKS AS IN THE PREVIOUS ALTERNATIVE.

"C. IF NEITHER OF THESE PROPOSALS IS ACCEPTABLE TO THE INDONESIAN GOVERNMENT, THE UNITED STATES IS THEN PREPARED TO ACCEPT FOR ITS DESIGNATED AIRLINE THE FREQUENCIES AND ROUTES DESCRIBED IN YOUR LAST OFFER. FOR PAN AMERICAN, THREE FREQUENCIES: TWO, SAN FRANCISCO-HONOLULU-GUAM-JAKARTA; AND ONE, WITH FIFTH FREEDOM TRAFFIC RIGHTS, US-FIJI-AUCKLAND-SYDNEY-DENPASAR-HONG KONG. HOWEVER, WITH DUE CONSIDERATION TO THE BALANCE OF POTENTIAL BENEFITS THAT WOULD ACCRUE TO THE TWO AIRLINES, GARUDA'S FREQUENCIES ON THE JAKARTA-GUAM (TECHNICAL STOP ONLY)-HONOLULU-LOS ANGELES ROUTE WOULD HAVE TO BE REDUCED TO MATCH THAT OF PAN AMERICAN.

"THE INDONESIAN GOVERNMENT'S ACCEPTANCE OF ONE OF THESE ALTERNATIVES WILL ALLOW PAN AMERICAN TO CONTINUE TO LIMITED OFFICIAL USE

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SERVE THE INDONESIAN MARKET AND GARUDA TO IMPLEMENT ITS PLANS FOR THE US MARKET ON A POSITIVE WELL-COORDINATED BASIS."

2. COMMENT: IN VIEW OF POTENTIAL BENEFITS GARUDA WOULD OBTAIN IN TWO DC-10 FLIGHTS TO LA, USG CANNOT ACCEPT INDONESIA'S LIMITED OFFER WITH ITS GROWING LIST OF CONDITIONS. IN PARTICULAR, WE COULDN'T AGREE TO GRANT

FIFTH FREEDOM TRAFFIC RIGHTS FOR GARUDA INVOLVING
POSSIBLY SYDNEY, MEXICO, AND/OR CANADA.

3. PAN AMERICAN WILL NOT BE ABLE TO CONTINUE WITH STATUS
QUO AFTER APRIL 25 DUE TO PREVIOUS COMMITMENTS REGARDING
AIRCRAFT AND CREWS. THEREFORE, IF INDONESIA DOES NOT
ACCEPT ANY OF THE US PROPOSALS AND IS ONLY PREPARED
TO ALLOW PAN AM TO CONTINUE TO OPERATE EXISTING SCHEDULES,
PAN AMERICAN WOULD HAVE NO ALTERNATIVE BUT TO STOP ALL
SERVICE APRIL 25.

4. PLEASE CONTINUE TO KEEP LOCAL PAN AM INFORMED. KISSINGER

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